



ALFRED NZO

DISTRICT MUNICIPALITY

2012/2013

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2013

ALFRED NZO DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

GENERAL INFORMATION

EXECUTIVE MAYOR

E.N. Diko

SPEAKER

S. Sello

CHIEF WHIP

P. Nyangana

MEMBERS OF THE MAYORAL COMMITTEE

Councillors:	P.B. Mabengu	B.N. Tobo
	B.B. Maningi	M.M. Gqola
	L. Ntantini	S. Mehlomakhulu
	V.N.S. Mdingazwe	

GRADING OF THE LOCAL AUTHORITY

Grade 4

AUDITORS

External - Auditor General

Internal - Internal Unit

PRIMARY BANKER

First National Bank Limited

REGISTERED OFFICE

Erf 1400 Ntsizwa Street
Mount Ayliff
4735

Private Bag X511
Mount Ayliff
4735

Telephone: (039) 254-5000

Facsimile: (039) 254-0343
E-Mail: silingab@andm.gov.za
Website: <http://www.andm.gov.za>

MUNICIPAL MANAGER

M.Z. Silinga

CHIEF FINANCIAL OFFICER

L. Fokazi

ALFRED NZO DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

FOREWORD

During the 2012/13 financial year the municipality managed to put systems in place to ensure compliance to various changes in legislation and continue with implementation of Generally Recognised Accounting Practice (GRAP) standards.

The district municipality, as part of improving service delivery to the community, implemented proper communication channels through the local municipalities that have the Ward Committees and Community Development Workers systems at their disposal.

Although capital projects were limited to those financed from external grant funding the municipality has successfully implemented the projects identified in the Integrated Development Plan / Budget for 2012/13 financial year. The municipality will continue in the 2013/14 financial year to implement multi-year projects for the previous financial year and those projects identified in the IDP / Budget for the current year.

Service delivery and the eradication of infrastructure backlogs remain a serious concern to all in local government. All role-players must ensure that they work together to overcome the legacy of the past and ensure that we uplift the living conditions of our people.

I hereby wish to thank the members of the Mayoral Committee and Council together with staff for their commitment during the year, ensuring that we meet the set targets for the year.

I thank you.



E. DIKO
EXECUTIVE MAYOR
30 August 2013

ALFRED NZO DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

MEMBERS OF THE COUNCIL

COUNCILLORS

E.N. Diko	ANC
S. Mehlomakhulu	ANC
P.B. Mabengu	ANC
B.B. Maningi	ANC
L. Ntantini	ANC
B.N. Tobo	ANC
M.M. Gqola	ANC
A.Z. Gwebani	ANC
D. Lugayeni	ANC
U.G. Makanda	ANC
V.N.S Mdingazwe	ANC
S.K. Mnukwa	ANC
F.N. Ngonyolo	ANC
M.M. Mpepanduku	ANC
N. Voyi	ANC
A. Mbizafa	AIC
A. Ngconjana	COPE
B.S. Mbewu	DA
P. Sirhamza	ANC
Z. Busuku	ANC
N. Booi	ANC

PROPORTIONAL COUNCILLORS

N.E. Cengimbo	ANC
N.C. Lwana	ANC
T. Maphasa	ANC
B. Matshoba	ANC
N.N. Mhlembana	ANC
Z. Mhlwazi	ANC
N. Mpompoza-Ruleni	ANC
J.Z. Munyu	ANC
N.B. Nkomo	ANC
N.A. Nkunya	ANC
N.A. Nkukhu	ANC
P. Nyangane	ANC
V.C. Sigalelana	ANC
S. Sello	ANC
N.E. Kotelana	AIC
T.H. Kango	COPE
T. Mambo	DA

ALFRED NZO DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

MEMBERS OF THE COUNCIL (continued)

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



MZ SILINGA
MUNICIPAL MANAGER
30 August 2013

ALFRED NZO DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

GENERAL INFORMATION (continued)

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 8 to 123, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

These Annual Financial Statements will be presented to the Council for information during September 2013.


MZ SILINGA
MUNICIPAL MANAGER
30 August 2013


L FOKAZI
CHIEF FINANCIAL OFFICER
30 August 2013



ALFRED NZO

Alfred Nzo District Municipality
Financial statements
for the year ended 30 June 2013

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

General Information

Country of incorporation and domicile

South Africa

Members

E.N Diko (Executive Mayor)
S. Sello (Speaker)
P. Nyangani (Chief Whip)
P.B Mabengu (Councillor)
B.B Maringi (Councillor)
L. Ntantini (Councillor)
B.N Tobo (Councillor)
M.M Gqola (Councillor)
S. Mehlomakulu (Councillor)
M. Z Silinga (Municipal Manager)
L. Fokazi (Chief Financial Officer)

Registered office

Erf 1400 Ntsizwa Street
Mount Ayliff
4735

Postal address

Private Bag X511
Mount Ayliff
4735

Bankers

First National Bank

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Index

The reports and statements set out below comprise the financial statements presented to the provincial legislature:

Index

	Page
Members' Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Changes in Net Assets	6
Statement of Financial Performance	5
Cash Flow Statement	7
Accounting Policies	8 - 7
Notes to the Financial Statements	8 - 22
	23 - 46
Appendices A - G	46

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Members' Responsibilities and Approval

The Accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the Annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledge that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the year and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The annual financial statements set out on pages 4 to 46, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2013 and were signed on its behalf by:

M. Z Silinga (Municipal Manager)
Accounting officer

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

	Note(s)	2013	2012
Assets			
Current Assets			
Inventories			
Operating lease asset	8	4,294,299	4,402,335
Receivables from non-exchange transactions	7	7,347	1,274
VAT receivable	9	79,853,826	1,113,649
Consumer debtors	10	6,370,227	22,932,381
Current portion of Long-term receivables	11	16,223,844	9,988,732
Cash and cash equivalents	12	-	192,552
		<u>202,674,737</u>	<u>152,863,059</u>
		309,424,280	191,493,982
Non-Current Assets			
Property, plant and equipment	2	1,705,254,662	1,519,490,943
Intangible assets	3	934,410	748,305
Heritage assets	4	131,100	131,100
Investments	5	20,425,834	18,477,753
Long Term Receivables	6	162,387	576,354
		<u>1,726,908,393</u>	<u>1,539,424,455</u>
Non-Current Assets		1,726,908,393	1,539,424,455
Current Assets		309,424,280	191,493,982
Total Assets		2,036,332,673	1,730,918,437
Liabilities			
Current Liabilities			
Operating lease liability	7	43,656	29,901
Payables from exchange transactions	16	158,801,051	84,975,344
Unspent conditional grants and receipts	13	18,635,707	20,305,123
Long Service Awards	14	184,158	163,902
Unallocated Credits		6,011,767	-
Current portion of Long-term Liabilities	15	1,441,675	1,441,675
		<u>185,118,014</u>	<u>106,915,945</u>
Non-Current Liabilities		185,118,014	106,915,945
Long Service Awards	14	1,325,949	1,268,710
Long-term Liability	15	28,491,581	29,932,345
		<u>29,817,530</u>	<u>31,201,055</u>
Non-Current Liabilities		29,817,530	31,201,055
Current Liabilities		185,118,014	106,915,945
Total Liabilities		214,935,544	138,117,000
Assets		2,036,332,673	1,730,918,437
Liabilities		(214,935,544)	(138,117,000)
Net Assets		1,821,397,129	1,592,801,437
Reserves			
Government grant reserve		1,517,942,029	1,517,942,029
Accumulated surplus		303,455,100	74,859,408
Total Net Assets		1,821,397,129	1,592,801,437

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

	Note(s)	2013	2012
Revenue			
Service charges			
Rental of facilities and equipment	19	13,720,324	15,412,755
Income from agency services		330,331	235,339
Public Contributions and Donations		52,639	26,182
Other income		200,000	116,833
Interest received - Investment	21	1,029,310	4,895,628
Gains on disposal of assets		11,879,055	11,474,768
Government grants & subsidies		112,802	-
Total revenue	20	817,233,700	1,115,496,953
		844,558,161	1,147,658,458
Expenditure			
Employee Costs			
Remuneration of councillors	23	117,806,063	90,910,343
Depreciation and amortisation		6,983,375	6,258,389
Finance costs		49,074,294	31,132,891
Debt impairment		2,582,345	2,217,752
Repairs and maintenance		3,998,790	22,092,662
Bulk purchases		15,285,685	14,714,835
Contracted services		1,519,815	2,742,760
Grants and subsidies paid		26,549,586	40,950,302
Loss on disposal of assets		291,226,648	285,710,436
General Expenses		-	84,076
Total expenditure	22	109,571,456	63,335,835
		624,598,057	560,150,281
Total revenue		-	-
Total expenditure		-	-
Operating surplus		844,558,161	1,147,658,458
Surplus before taxation		(624,598,057)	(560,150,281)
Taxation		219,960,104	587,508,177
		219,960,104	587,508,177
		-	-
Surplus for the year		219,960,104	587,508,177

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

	Government grant reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	-	512,648,769	512,648,769
Profit for the year	-	130,699,782	130,699,782
Change in accounting policy	-	6,621,114	6,621,114
Prior year adjustments	-	4,658,726	4,658,726
Balance at 01 July 2011 as restated	-	(512,648,769)	(512,648,769)
Changes in net assets			
Funds utilised to finance Assets	1,549,156,599	-	1,549,156,599
Transfer to Income iro Depreciation	(31,130,494)	-	(31,130,494)
Transfer to Income iro Disposals	(84,076)	-	(84,076)
Net income (losses) recognised directly in net assets	1,517,942,029	-	1,517,942,029
Surplus for the year	-	587,508,177	587,508,177
Total recognised income and expenses for the year	1,517,942,029	587,508,177	2,105,450,206
Total changes	1,517,942,029	587,508,177	2,105,450,206
Opening balance as previously reported	1,517,942,029	587,508,177	2,105,450,206
Adjustments	1,517,942,029	(10,722,427)	1,507,219,602
Correction of errors	-	130,948,119	130,948,119
Change in accounting policy	-	(36,730,696)	(36,730,696)
Balance at 01 July 2012 as restated	1,517,942,029	83,494,996	1,601,437,025
Changes in net assets			
Surplus for the year	-	219,960,104	219,960,104
Total changes	-	219,960,104	219,960,104
Balance at 30 June 2013	1,517,942,029	303,455,100	1,821,397,129

Note(s)

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Cash Flow Statement

	Note(s)	2013	2012
Cash flows from operating activities			
Receipts			
Public Contribution and Donations		200,000	116,833
Service Charges		13,725,242	3,573,027
Grants		818,660,229	1,111,915,805
Interest Income		11,879,055	11,474,768
Other receipts		1,566,560	20,983,409
		<u>846,031,086</u>	<u>1,148,063,842</u>
Payments			
Employee costs		(120,114,584)	(91,012,941)
Remuneration of Councillors		(4,780,159)	(6,004,373)
Finance costs		(14,415,621)	(2,217,752)
Other payments		(551,081,846)	(627,354,647)
Suppliers Paid		(27,300,668)	(24,457,452)
		<u>(717,692,878)</u>	<u>(751,047,165)</u>
Total receipts		846,031,086	1,148,063,842
Total payments		(717,692,878)	(751,047,165)
Net cash flows from operating activities		<u>128,338,208</u>	<u>397,016,677</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	27	<u>264,530,866</u>	<u>528,940,811</u>
Proceeds on Disposals of property, plant and equipment			
Decrease/ (Increase) in Investments	2	(237,763,528)	(421,247,807)
Decrease/ (Increase) in Long Term Receivables	2	6,708,082	475,944
Purchase of other intangible assets		-	1,766,818
Purchases of heritage assets		-	228,010
Interest Income	3	(481,988)	(740,470)
	4	-	(31,100)
		<u>11,833,276</u>	<u>11,474,768</u>
Net cash flows from investing activities		<u>(219,704,158)</u>	<u>(408,072,837)</u>
Cash flows from financing activities			
New Loans raised		-	7,993,492
Loans Repaid		(1,440,764)	(1,248,692)
Unallocated Credits		6,011,767	-
Net cash flows from financing activities		<u>4,984,970</u>	<u>6,744,800</u>
Net increase/(decrease) in cash and cash equivalents		<u>49,811,678</u>	<u>127,612,774</u>
Cash and cash equivalents at the beginning of the year		152,863,059	25,250,285
Cash and cash equivalents at the end of the year	12	<u>202,674,737</u>	<u>152,863,059</u>

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Accounting Policies

1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows.

Item	Average useful life
Buildings	
• Improvements	5 - 30
Infrastructure	
• Sewerage	15 - 60
• Water	10 - 100
• Roads	15 - 50
• Gas	10 - 50
• Security Measures	3 - 5
Plant and equipment	2 - 15
Furniture and fixtures	5 - 10

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.1 Property, plant and equipment (continued)

Motor vehicles	
Office equipment	5 - 10
Specialised Vehicles	3 - 10
Community	5 - 15
• Community Facilities	
• Recreational Facilities	20 - 30
Other Assets	20 - 30
• Bins and Containers	
• Computer Equipment	5 - 15
• Emergency Equipment	3 - 10
• Other Assets	3 - 10
	25 - 30

1.2 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	2 - 5 years

1.3 Heritage assets

Assets are resources controlled by a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.3 Heritage assets (continued)

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.4 Investments

Investments are carried at fair value through surplus or deficit.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.5 Financial Instruments (continued)

Derecognition is the removal of a previously recognised financial asset or financial liability from a municipality's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, a municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest in another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the municipality.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by a municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of a municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital,
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of a municipality's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of a municipality.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.5 Financial Instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Unlisted Investments (Stock)
Investments in Fixed Deposits
Long term Receivables
Receivables from exchange transactions
Receivables from Non-Exchange Transactions
Cash and cash equivalents - Notice Deposits
Cash and cash equivalents - Call deposits
Cash and cash equivalents

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at fair value
Financial asset measured at fair value

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Long term Liabilities
Payables
Bank overdraft

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at Fair Value

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.5 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories.

- Financial instruments at fair value,
- Financial instruments at amortised cost,
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Accounting Policies

1.5 Financial instruments (continued)

Financial assets measured at cost.

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Accounting Policies

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Inventories

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (ie a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventories are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs

Consumables Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumables stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale of inventory in the ordinary course of business). In general, the basis of determining cost is the Weighted Average Cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Water Inventory

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.7 Inventories (continued)

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at the Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Unsold Properties

Unsold properties are valued at the lower of cost and net realisable value on a Weighted Average Cost Basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

Other Arrangements

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed unless that cost qualifies for capitalisation.

1.8 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either

- the period of time over which an asset is expected to be used by the entity, or
- the number of production or similar units expected to be obtained from the asset by the entity.

Accounting Policies

1.10 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- a municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from a municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event,
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Accounting Policies

1.11 Provisions and contingencies (continued)

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Accounting Policies

1.11 Provisions and contingencies (continued)

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.13 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

Value Added Tax

The Municipality is registered for Value Added Tax on the Payments basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991). However to conform to GRAP 1.35 the Municipality accounts for Value Added Tax on the accrual basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Accounting Policies

1.16 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure as defined in chapter 1 of the MFMA in relation to a municipality or municipal entity -

- (a) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, the requirement of this Act, and which has not been condoned in terms of section 170
- (b) Expenditure incurred in contravention of, or that is not in accordance with, a requirement of the municipal systems Act
- (c) Expenditure incurred in contravention of, or that is not in accordance with, a requirement of the public office Bearers Act
- d) Expenditure incurred in contravention of, or that is not in accordance, a requirement of the Supply Chain Management Policy or any Municipal By-Laws giving effect to such policy, and which has not been condoned in terms of such policy or By-law, but excludes expenditure which falls within the definition of unauthorised expenditure

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.19 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
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2. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land & Buildings	54,513,030	(13,097,556)	41,415,474	54,325,040	(11,260,606)	43,064,434
Infrastructure	1,782,317,634	(139,979,343)	1,642,338,291	1,555,336,075	(96,414,892)	1,458,921,183
Other property, plant and equipment	32,661,512	(11,160,615)	21,500,897	28,662,814	(11,157,488)	17,505,326
Total	1,869,492,176	(164,237,514)	1,705,254,662	1,638,323,929	(118,832,986)	1,519,490,943

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Land & Buildings	43,064,434	187,990	-	(1,836,950)	41,415,474
Infrastructure	1,458,921,183	226,981,560	-	(43,564,452)	1,642,338,291
Other property, plant and equipment	17,505,326	10,593,978	(6,595,280)	(3,127)	21,500,897
	1,519,490,943	237,763,528	(6,595,280)	(45,404,529)	1,705,254,662

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Land & Buildings	44,249,082	601,590	-	(1,786,238)	43,064,434
Infrastructure	1,074,396,789	410,634,716	-	(26,110,322)	1,458,921,183
Other property, plant and equipment	10,923,961	10,011,501	(391,867)	(3,038,269)	17,505,326
	1,129,569,832	421,247,807	(391,867)	(30,934,829)	1,519,490,943

3. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,804,543	(870,133)	934,410	1,322,555	(574,250)	748,305

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	748,305	481,988	(295,883)	934,410

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software	205,898	740,470	(198,063)	748,305

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance

4. Heritage assets

	2013			2012		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage Assets	131,100	-	131,100	131,100	-	131,100

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
4. Heritage assets (continued)		
Reconciliation of heritage assets 2013		
Heritage Assets	Opening balance 131,100	Total 131,100

Reconciliation of heritage assets 2012

Heritage Assets	Opening balance 100,000	Additions 31,100	Total 131,100
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All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality. No restrictions apply to any of the Heritage Assets of the municipality

5. Investments

Name of Entity	Held by	% holding 2013	% holding 2012	Carrying amount 2013	Carrying amount 2012
Alfred Nzo Development Agency (Section 21 Company)		100.00 %	100.00 %	100	100
Investec Bank Limited		- %	- %	20,425,734	18,477,653
				20,425,834	18,477,753

Seven of the seven members serving on the board of directors of the Municipal Entity are nominated by the municipality's Council (100.00%). The municipality's maximum liability towards the Municipal Entity is R100.

The Investec investment is ceded against the DBSA loan as security for the loans acquired.

6. Long term Receivables

Long Term Receivables	771,504	576,354
Impairment of Long Term Receivables	771,504 (609,117)	576,354 -
	162,387	576,354

The Long term receivables relate to car loans issued to former employees. These loans were issued at 8% per annum for 4 years. These loans have been owing since 2004. The loans have been handed over to the Lawyers for collection. The recoverability of these amounts is not certain hence the provision for impairment.

Long Term Receivables past due but not impaired

Long Term Receivables which are making payments even though they are past due are not considered to be impaired. At 30 June 2013, 196,036 (2012: 576,354) were past due but not impaired.

Long Term Receivables due and impaired

As of 30 June 2013, Long Term Receivables of 609,117 (2012: -) were impaired and provided for.

The amount of the provision was 609,117 as of 30 June 2013 (2012: -).

7. Operating lease

Current assets	7,347	1,274
Current liabilities	(43,656)	(29,901)
	(36,309)	(28,627)

The Municipality as Lessee:

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
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7. Operating lease (continued)

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years with an option to extend for a further period. All operating contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

8. Inventories

Consumable stores

Water

Other

Total Inventories

1,962,908	2,966,802
2,207,281	1,435,533
124,110	-
4,294,299	4,402,335

No Inventories have been pledged as collateral for Liabilities of the municipality.

9. Receivables from non-exchange transactions

Staff debtors

Government grants and subsidies

Accrued Interest

Sundry Debtors

840,618	859,306
75,123,859	-
126,487	126,487
3,762,862	127,856
79,853,826	1,113,649

The overspent grants relates to municipal funds that were spent to speed up the delivery process. Funds are to be re-imbursed by National Treasury. Allocations have been made in the 2013/2014 Division of Revenue Act therefore the amount was not written off and no provision for doubtful debts has been raised.

Details of Grants Overspent

Municipal Infrastructure Grant

Expanded Public Works Programme

72,730,188	-
2,393,671	-
75,123,859	-

10. VAT receivable

VAT

6,370,227	22,932,381
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VAT is payable on payment basis once payment has been received from Debtors VAT is paid over to SARS.

11. Consumer debtors

Gross balances

Water

Sewerage

Other

46,436,103	39,578,112
5,706,590	4,554,363
6,422,821	4,808,254
58,565,514	48,940,729

Less: Allowance for impairment

Water

Sewerage

(37,708,718)	(15,295,796)
(4,632,952)	(23,656,201)
(42,341,670)	(38,951,997)

Net balance

Water

Sewerage

Other

8,727,385	24,282,316
1,073,638	(19,101,838)
6,422,821	4,808,254
16,223,844	9,988,732

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
11. Consumer debtors (continued)		
Water		
Current (0 -30 days)	183,552	577,815
31 - 60 days	1,475,295	1,885,972
61 - 90 days	1,292,902	1,415,600
91 days+	5,775,636	20,402,929
	8,727,385	24,282,316
Sewerage		
Current (0 -30 days)	8,395	699,797
31 - 60 days	167,707	152,255
61 - 90 days	161,473	146,806
91 days+	736,063	170,967
	1,073,638	1,169,826
Other		
Current (0 -30 days)		
	6,422,821	4,808,254
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	(252,621)	372,646
31 - 60 days	657,258	532,012
61 - 90 days	661,305	308,156
+91 days	27,742,800	18,231,862
	28,808,742	19,444,676
Industrial/ commercial		
Current (0 -30 days)	(194,692)	778,319
31 - 60 days	801,151	277,170
61 - 90 days	660,552	322,561
+91 days	18,002,615	10,653,889
	19,269,626	12,031,939
National and provincial government		
Current (0 -30 days)	(88,133)	346,026
31 - 60 days	414,813	156,832
61 - 90 days	336,130	304,316
+91 days	10,178,907	4,115,002
	10,841,517	4,922,176
Total		
Current (0 -30 days)	6,614,768	6,085,866
31 - 60 days	1,643,002	2,038,227
61 - 90 days	1,454,375	1,562,206
+ 91 days	6,511,699	302,433
	16,223,844	9,988,732
12. Cash and cash equivalents		

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts..

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

12. Cash and cash equivalents (continued)

Call Deposits
Bank balances

	2013	2012
Call Deposits	188,858,265	129,844,781
Bank balances	15,816,472	23,018,278
	202,674,737	152,863,059

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 0.00% to 4% (2011/12: 0% to 3.90%) per annum.

Short-term Investment Deposits are attributable to Funds as follows:
Unspent Conditional Grants
Creditors
Current Provisions

Unspent Conditional Grants	17,209,177	20,305,123
Creditors	71,410,647	84,975,347
Current Provisions	184,158	163,902
	88,803,982	105,444,372

Primary Bank Account

First National Bank - Mount Frere Branch, Mount Frere - Account Number 620 2493 2974:

Cash book balance at beginning of year
Cash book balance at end of year
Bank statement balance at beginning of year
Bank statement balance at end of year

Cash book balance at beginning of year	16,640,969	(71,804)
Cash book balance at end of year	3,653,326	16,640,969
Bank statement balance at beginning of year	529,478	-
Bank statement balance at end of year	4,066,273	529,478
	24,890,046	17,098,643

Water & Sanitation Account

First National Bank - Mount Frere Branch, Mount Frere - Account Number 621 5258 1586:

Cash book balance at beginning of year
Cash book balance at end of year
Bank statement balance at beginning of year
Bank statement balance at end of year

Cash book balance at beginning of year	6,377,310	2,433,437
Cash book balance at end of year	12,061,877	6,377,310
Bank statement balance at beginning of year	6,788,950	2,303,898
Bank statement balance at end of year	11,981,165	6,788,950
	37,209,302	17,903,595

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

13. Unspent conditional grants and receipts

The Unspent Grants are cashbacked by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

National Government Grants: Equitable Shares
National Government: COGTA
National Government: Department of Water Affairs & Forestry
Provincial Government: Provincial Treasury
Provincial Government: COGTA
Provincial Government: Dept of Transport
Other Government: LGSETA
Other Government: THETHA

National Government Grants: Equitable Shares	-	1,004,672
National Government: COGTA	-	3,474,994
National Government: Department of Water Affairs & Forestry	4,141,199	456,634
Provincial Government: Provincial Treasury	9,761,320	10,697,494
Provincial Government: COGTA	1,206,013	1,220,888
Provincial Government: Dept of Transport	596,795	1,036,004
Other Government: LGSETA	1,098,900	582,956
Other Government: THETHA	1,831,481	1,831,481
	18,635,707	20,305,123

The unspent Grants portion are cashbacked by term deposits. The municipality complied with the conditions attached to all the grants received to the extent of revenue recognised. No grants were withheld.

See note 18 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised. Refer to note 11 for the call Deposits Investments.

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

14. Long Service Awards

Reconciliation of long service awards - 2013

Long Service Awards

Opening Balance	Additions	Utilised during the year	Total
1,432,612	261,653	(184,158)	1,510,107

Reconciliation of long service awards - 2012

Long service awards

Opening Balance	Additions	Utilised during the year	Total
163,902	1,432,612	(163,902)	1,432,612

Non-current liabilities
Current liabilities

1,325,949	1,268,710
184,158	163,902
1,510,107	1,432,612

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 5 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees. These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2013 by Mr C Weiss Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year-end, 99 (2012: 102) employees were eligible for Long-service Awards.

The principal assumptions used for the purposes of the actuarial valuations were as follows

Discount Rate	7.06%	6.18%
Cost Inflation Rate	6.74%	5.97%
Net Effective Discount Rate	0.30%	0.19%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	60	60

Movements in the present value of the Defined Benefit Obligation were as follows

Balance at the beginning of the year	1,432,612	1,281,192
Current service costs	169,249	156,559
Interest cost	83,497	87,040
Benefits paid	(163,902)	(149,807)
Actuarial losses / (gains)	(11,349)	57,628
Present Value of Fund Obligation at the end of the Year	1,510,107	1,432,612

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	169,249	156,559
Interest cost	83,497	87,040
Actuarial losses / (gains)	(11,349)	57,628
Total Post-retirement Benefit included in Employee Related Costs	241,397	301,227

The history of experienced adjustments is as follows:

Present Value of Defined Benefit Obligation

2013	2012	2011	2010
1,510,107	1,432,612	1,281,192	1,245,119

15. Long-term Liability non current portion

Annuity Loans are repaid over periods varying from 12 to 13 (2012: 13 to 14) years and at interest rates varying from 5.00% to 11.47% (2012: 5.00% to 11.47%) per annum. Annuity Loans are not secured.

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

2013 2012

15. Long-term Liability non current portion (continued)

The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiated by the municipality. Refer to Appendix "A" for more detail on Long-term Liabilities.

16. Payables from exchange transactions

Trade payables	56,242,574	35,700,586
Loan Instalment Account Retention	564,230	564,230
Third Party Payments	83,692,639	37,624,045
Staff Leave	17,994	27,313
Other Creditors	6,077,383	5,271,822
VAT Accrual	3,034,540	979,171
	9,171,690	4,808,379
	158,801,051	84,975,344

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

17. Financial instruments disclosure

Categories of financial instruments

2013

Financial assets

	At fair value	At amortised cost	Total
Non-current Investments			
Unlisted Investments	-	100	100
Fixed Deposits	-	20,425,734	20,425,734
Long-term Receivables			
Car Loans	-	162,387	162,387
Receivables from Exchange Transactions			
Sewerage and Sanitation charges	-	2,010,922	2,010,922
Water	-	11,714,320	11,714,320
Other receivables from non-exchange transactions			
Staff debtors	-	840,618	840,618
Government grants and subsidies	-	75,123,859	75,123,859
Sundry Debtors	-	3,762,862	3,762,862
Cash and cash equivalents			
Call Deposits	186,858,265	-	186,858,265
Bank Balances	15,715,186	-	15,715,186
	202,573,451	114,040,802	316,614,253

Financial liabilities

	At amortised cost	Total
Long-term Liabilities		
Annuity Loans	29,933,256	29,933,256
Payables		
Trade Creditors	51,934,924	51,934,924
Retentions	83,692,639	83,692,639
Third Party payments	30,205	30,205
Other Creditors	3,025,029	3,025,029
Long term loans (DBSA)	29,933,256	29,933,256
	198,549,309	198,549,309

2012

Financial assets

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
Non-current Investments	At amortised cost	Total
Unlisted Investments	100	100
Fixed Deposits	18,477,653	18,477,653
Long-term Receivables		
Car Loans	576	576
Receivables from Exchange Transactions		
Sewerage and Sanitation Charges	2,977,126	2,977,126
Water	24,282,316	24,282,316
Receivables from Non-exchange Transactions		
Accruals	859	859
Sundry Debtors	6,514,877	6,514,877
Cash and Cash Equivalents		
Call Deposits	129,844,781	129,844,781
Bank Balances	35,299,469	35,299,469
	217,397,757	217,397,757

Financial liabilities

Long-term Liabilities	At amortised cost	Total
Annuity Loans	31,374,020	31,374,020
Payables		
Trade Creditors	35,505,231	35,505,231
Payments received in Advance	2,669,023	2,669,023
Retentions	34,909,893	34,909,893
Third Party payments	27,313	27,313
Staff Leave Accrued	6,340,467	6,340,467
Other Creditors	15,793	15,793
	110,841,740	110,841,740

18. Revenue

Service charges	13,720,324	15,412,755
Rental of facilities and equipment	330,331	235,339
Income from agency services	52,639	26,182
Public Contributions and Donations	200,000	116,833
Other income	1,029,310	4,895,628
Interest received - investment	11,879,055	11,474,768
Government grants & subsidies	817,233,700	1,115,496,953
Gain on disposal	112,802	-
	844,558,161	1,147,658,458

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	13,720,324	15,412,755
Rental of facilities and equipment	330,331	235,339
Income from agency services	52,639	26,182
Public Contributions and Donations	200,000	116,833
Other income - (rollup)	1,029,310	4,895,628
Interest received - investment	11,879,055	11,474,768
	27,211,659	32,161,505

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue	817,233,700	1,115,496,953
Government grants & subsidies		

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

19. Service charges

Sale of water

Sewerage and sanitation charges

	2013	2012
	11,712,129	13,516,207
	2,008,195	1,896,548
	13,720,324	15,412,755

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

20. Government grants and subsidies

	2013	2012
Equitable share		
National Government - Municipal Infrastructure Grant (MIG)	297,328,626	751,360,145
Provincial Government - Dept of Transport	446,533,189	308,146,000
Provincial Government - Provincial Treasury	19,069,520	24,809,583
National Government - Expanded Public Works Programme (EPWP)	2,295,261	14,028,494
National Government - Dept of Water Affairs & Forestry (DWAF)	22,172,865	7,768,720
National Government - Finance Management Grant (FMG)	21,501,479	2,919,770
Provincial Government - Cooperative Government & Traditional Affairs (COGTA)	1,250,000	1,571,133
National Government - Municipal Systems Implementation Grant (MSIG)	1,849,353	3,802,835
National Government - Municipal Health	1,000,000	1,090,273
Other Government - LGSETA	3,908,958	-
	324,749	-

817,233,700 1,115,496,953

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and also to assist poor Municipalities with financing their operational expenditure.

All registered indigents receive a monthly subsidy of R1,30 per kl (2012: R1,30), which is funded from the grant based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. Indigent residential households receive 6kl water free every month. No funds have been withheld.

Equitable Shares

Balance unspent at beginning of year
Conditions met - transferred to revenue

1,004,672 2,286,208
(1,004,672) (1,281,536)

- 1,004,672

Conditions still to be met - remain liabilities (see note 13).

In terms of the Constitution, this grant is used to subsidise the provision of basic services to community members. In terms of the allocation made by DPLG the funds are also utilised to enable the municipality to execute its functions as the local authority. No funds have been withheld.

National Government: EPWP

Balance unspent at beginning of year
Current-year receipts
Conditions met - transferred to revenue

3,474,994 1,413,220
16,304,000 9,268,000
(19,778,994) (7,206,226)

- 3,474,994

The EPWP Grant is used to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads; basic services infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk infrastructure); other economic and social infrastructure; tourism and cultural industries; waste management; parks and beautification; sustainable land-based livelihoods; social services programmes; health service programmes; and community safety programmes.

Conditions still to be met - remain liabilities (see note 14).

National Government: Finance Management Grant (FMG)

Balance unspent at beginning of year
Current-year receipts
Conditions met - transferred to revenue

- 311,733
1,250,000 1,250,000
(1,250,000) (1,561,733)

- -

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

20. Government grants and subsidies (continued)

The Municipal Finance Management Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

Conditions still to be met - remain liabilities (see note 13).

National Government: Municipal Infrastructure Grant (MIG)

Current-year receipts

Conditions met - transferred to revenue

373,803,000	308,146,000
(373,803,000)	(308,146,000)

(1)

The Municipal Infrastructure Grant (MIG) was allocated for the construction of basic sewerage and water infrastructure as part of the upgrading of poor households, microenterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. The grant is allocated from Cooperative Government & Traditional Affairs. No funds have been withheld.

Conditions still to be met - remain liabilities (see note 13).

National Government: Municipal Systems Implementation Grant (MSIG)

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

-	334,039
1,000,000	790,000
(1,000,000)	(1,124,039)

The grant was used to establish and review Policies, By-laws, Internal Control Systems and the preparation of a GRAP-compliant Assets Register. No funds have been withheld.

Conditions still to be met - remain liabilities (see note 13).

National Government: Dept of Water Affairs

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

456,634	4,271,401
23,818,000	8,937,924
(20,133,435)	(12,752,691)
4,141,199	456,634

This grant was used for the construction of dams, which will provide sustainable water supply to the communities of Umzimvubu and Matatiele local municipality areas. No funds have been withheld.

Conditions still to be met - remain liabilities (see note 13).

Provincial Government: Provincial Treasury

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

10,697,494	7,270,361
20,034,330	37,744,597
(20,970,504)	(34,317,464)
9,761,320	10,697,494

This grant was received to assist in local economic development and the promotion of tourism. No funds have been withheld.

Conditions still to be met - remain liabilities (see note 13).

Provincial Government: Cooperative Government & Traditional Affairs (COGTA)

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

1,220,888	2,691,063
371,245	371,245
(386,120)	(1,841,420)
1,206,013	1,220,888

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
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20. Government grants and subsidies (continued)

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads, basic services infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk infrastructure); other economic and social infrastructure; tourism and cultural industries; waste management; parks and beautification; sustainable land-based livelihoods; social services programmes; health service programmes; and community safety programmes.

Conditions still to be met - remain liabilities (see note 13).

Provincial Government: Dept of Transport

Balance unspent at beginning of year	1,036,004	1,688,000
Current-year receipts	1,776,000	-
Conditions met - transferred to revenue	(2,215,209)	(651,996)
	596,795	1,036,004

The district municipalities are responsible for developing Integrated Transport Plans that will contribute towards a structured and sustainable transport model. No funds have been withheld.

Conditions still to be met - remain liabilities (see note 13).

Other Government: LGSETA

Balance unspent at beginning of year	582,956	63,991
Current-year receipts	515,944	518,965
	1,098,900	582,956

This grant is used for reimbursement of funds utilised for Municipal Skills and Development and Training for its Employees.

Conditions still to be met - remain liabilities (see note 13).

Other Government: THETHA

Balance unspent at beginning of year	1,831,481	32,481
Current-year receipts	-	1,799,000
	1,831,481	1,831,481

The local municipalities contributed towards a project to develop job descriptions and evaluate post levels within the municipalities. No funds have been withheld.

Conditions still to be met - remain liabilities (see note 13).

21. Other income

Penalty	(400)	97
Fire Levy	442	8,366
VAT Recovery	-	3,030,896
Sundry Income	88,611	797,202
Tender Deposits	917,534	959,446
Refund Received	23,123	99,621
	1,029,310	4,895,628

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 16 and 17, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Internal Recoveries are journalised from other trading and economic service

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
22. General expenses		
Advertising	545,532	177,174
Auditors remuneration	4,588,277	5,585,394
Bank charges	315,418	181,422
Cleaning	434,090	1,002,152
Consulting and professional fees	415,705	410,282
Hire	1,737,457	970,009
Insurance	2,372,133	2,597,834
Marketing	1,060,471	767,417
Newspapers and periodicals	34,815	15,961
Tools	46,237	9,964
Fuel and oil	2,602,169	879,258
Recruitment fees	506,009	352,085
Printing and stationery	744,184	417,509
Protective clothing	1,196,473	848,790
Telephone and fax	4,369,754	3,474,214
Training	3,021,510	2,098,059
Travel - local	13,695,710	14,889,569
Electricity	9,884,588	7,101,654
Accommodation	3,390,289	1,531,092
Audit Committee Allowance	453,727	326,255
Catering and Venue Hire	2,706,382	1,892,427
Environmental Management	1,019,122	914,591
Fire and Rescue Services	1,989,060	2,038,256
License Fees	1,218,693	536,055
Occupational Health & Safety	131,353	-
Materials & Stores	3,262,462	34,612
Chemicals	2,029,126	1,094,787
Other Grant expenses	1,556,900	1,318,714
Other expenses	44,263,810	11,870,299
	109,571,456	63,335,835

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
23. Employee related costs		
Basic	74,134,331	57,950,057
Bonus	5,181,196	3,527,443
Medical aid - company contributions	3,810,287	2,746,509
UIF	595,967	484,512
SDL	1,061,851	749,009
Leave pay provision charge	1,717,688	2,332,850
Post-employment benefits - Pension - Defined contribution plan	7,761,183	5,817,381
Overtime payments	1,633,996	990,749
Acting allowances	853,749	140,239
Transport allowance	8,436,908	7,080,190
Housing benefits and allowances	3,614,209	2,476,132
Standby Allowance	1,077,379	673,292
Shift Allowance	7,570,290	5,851,301
Bargaining council	115,632	9,452
Defined Benefits : Long Service Awards	241,397	301,227
	117,806,063	90,910,343

Remuneration of Municipal Manager

Annual Remuneration	491,450	595,200
Car Allowance	147,560	387,478
Contributions to UIF, Medical and Pension Funds	19,461	1,497
	658,471	984,175

There was no Municipal Manager for 3 months from January 2013 to March 2013. The Senior Manager - Technical Services was Acting in the place of the Municipal Manager for that period

Remuneration of Chief Finance Officer

Annual Remuneration	252,228	511,355
Car Allowance	84,076	329,432
Contributions to UIF, Medical and Pension Funds	11,706	1,497
	348,010	842,284

The was no Chief Financial Officer for 7 months from October 2012 to April 2013. The Deputy CFO was Acting as the Chief Financial Officer for that period.

Remuneration of Senior Manager - Community Services

Annual Remuneration	585,825	498,225
Car Allowance	146,456	279,825
Contributions to UIF, Medical and Pension Funds	13,413	1,497
	745,694	779,547

Corporate and Human Resources (Corporate Services)

Annual Remuneration	410,059	-
Car Allowance	127,771	-
Contributions to UIF, Medical and Pension Funds	7,116	-
	544,946	-

The Human Resources Manager was appointed in November. The senior Manager - Technical Services was acting from June 2012 to November 2012.

Remuneration of Senior Manager: Planning and Developmental Services

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
23. Employee related costs (continued)		
Annual Remuneration	410,059	-
Car Allowance	127,771	-
Contributions to UIF, Medical and Pension Funds	7,484	-
	545,314	-

The Senior Manager Planning and Developmental Services was appointed in November. The PMU Manager was acting from January 2013 to March 2013

Remuneration of Senior Manager: Technical Services

Annual Remuneration	585,342	572,000
Car Allowance	130,120	328,000
Contributions to UIF, Medical and Pension Funds	11,912	1,497
	727,374	901,497

Remuneration of Executive Manager: Office of the Mayor

Annual Remuneration	535,500	494,458
Car Allowance	230,263	240,333
Contributions to UIF, Medical and Pension Funds	9,835	1,497
	775,598	736,288

Remuneration Of Councillors

Mayor	410,723	456,058
Speaker	440,280	341,707
Chief Whip	291,963	300,488
Councillors	2,745,987	943,444
Company Contributions to UIF, Medical and Pension Funds	627,865	489,058
Other Allowances (Cellular Phones, Housing, Transport, etc)	1,974,721	1,451,172
	6,491,539	3,981,927

In-kind Benefits

24. Investment revenue

Interest revenue

Call Deposits	11,833,276	10,843,766
Other financial asset	45,779	-
Bank	-	176,068
Interest received - other	-	454,934
	11,879,055	11,474,768
	11,879,055	11,474,768

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
25. Additional Disclosures in terms of Municipal Finance Management Act		
Contributions to organised local government - SALGA		
Opening Balance	-	-
Council Subscriptions	-	34,766
Amount Paid - current year	-	(34,766)
	-	-
PAYE, Skills Development Levy and UIF		
Opening Balance	-	80,916
Current year Payroll Deductions	18,868,253	14,782,865
Amount Paid - current year	(18,868,253)	(14,782,865)
	-	80,916
Pension and Medical Aid Deductions		
Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	20,590,493	14,782,865
Amount Paid - current year	(20,565,365)	(14,782,865)
	25,128	-
Audit Fees		
Opening Balance	-	-
Current year Audit Fee	(99,902)	363,931
Amount Paid - current year	4,588,277	2,561,874
Amount Paid - previous years	(4,488,375)	(2,661,776)
	-	(363,931)
	-	(99,902)

VAT

The net of VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

26. Councillor's arrear Consumer Accounts

30 June 2013

Kotelana NE
Macuphe SB

Outstanding up to 90 days	Outstanding for more than 90 days	Total
2,310	7,834	10,144
271	4,761	5,032
2,581	12,595	15,176

30 June 2012

Kotelana NE
Macuphe SB

Outstanding up to 90 days	Outstanding for more than 90 days	Total
423	5,053	5,476
1,265	2,345	3,610
1,688	7,398	9,086

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
27. Cash generated from operations		
Surplus		
Adjustments for:		
Depreciation and amortisation	219,960,104	587,508,177
(Loss) gain on sale of assets and liabilities		
Finance costs	49,074,294	31,132,891
Debt impairment	(112,802)	84,076
Movements in operating lease assets and accruals	(11,833,276)	(11,474,768)
Movements in provisions	3,998,790	22,092,662
Prior period adjustments	7,682	28,627
Interest income (trading)	77,495	1,432,612
Changes in working capital:	3,551,959	(146,614,176)
Inventories	(45,779)	-
Other receivables from non-exchange transactions	108,036	(4,402,335)
Consumer debtors	(78,740,177)	(1,113,649)
Payables from exchange transactions	(10,233,902)	(32,081,394)
VAT	73,825,704	84,975,346
Unspent conditional grants and receipts	16,562,154	(22,932,381)
	(1,669,416)	20,305,123
	264,530,866	528,940,811

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
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28. Commitments

24.1 Authorised capital expenditure

Already contracted for but not provided for

- Infrastructure Assets

289,355,840	609,940,322
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Not yet contracted for and authorised by members

- Infrastructure Assets

25,999,985	207,833,652
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This committed expenditure relates to Infrastructure and will be financed by Government Grants.

24.2 Operating leases - Buildings (expense)

Minimum lease payments due

- within one year
- in second to third year inclusive
- over three years

273,426	204,702
364,263	502,208
30,043	129,373
667,732	836,283

Operating Leases - Vehicles (expense)

- within one year
- in second to third year inclusive

2,875,236	2,426,115
3,037,997	4,598,033
5,913,233	7,024,148

Other Equipment

- within one year
- in second to third year inclusive

494,789	583,854
-	428,917
494,789	1,012,771

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

24.3 Operating leases - Buildings (income)

Minimum lease payments due

- within one year
- in second to fifth year inclusive

238,040	251,894
12,898	222,015
250,938	473,909

Operating Leases relate to Property owned by the municipality with lease terms of between 2 to 3 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Alfred Nzo District Municipality

Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

2013

2012

29. Contingencies

Court Proceedings

Failure to pay for Contracted Services

During 2007 Jack Zulu issued summons against the municipality for specific performance; it being alleged that he was appointed by the municipality to render certain services at Umzimkhulu Area (previous dispensation) and the municipality failed to pay him in terms of the contract. The municipality denies that services were rendered. Pleadings closed and a trial date is awaited. 17,250

Failure to pay Pension Contributions

During 2006 a former employee of the municipality instituted a legal action against the municipality claiming pension benefits it being alleged that the municipality failed to pay his pension contributions to the fund at the time he was employed by the municipality. The municipality denies this allegation on the basis that he was employed on an all inclusive package and as such it was his responsibility to structure his package to include pension. Pleadings closed and a trial date is awaited. 100,000

Failure to pay for Goods Supplied and Services Rendered

During 2008 P Mabandla issued summons against the municipality for goods supplied and services rendered to the municipality at the latter's special instance and request. The municipality denies this. Pleadings closed and a trial date is awaited. 6,572

Failure to pay for Services Rendered

In 2008 MJ Phirimane issued summons against the municipality for services rendered. The municipality is defending the matter. The matter is in pleading stage and the outcome is still uncertain. 28,200

Failure to pay for Services Rendered:

In 2008 Malukazi Project Managers issued summons for services rendered in the sanitation program in Umzimkhulu. The municipality is defending the matter. A trial date is awaited. 1,914,259

Failure to pay for Services Rendered:

In 2008 summons were issued by Affinity Solutions (Pty) Ltd for services rendered. The municipality is defending the matter. A trial date is awaited. 313,505

Failure to claim from Provident Fund

In 2009 Z Mgwebi issued summons for damages emanating from failure to act by the municipality it being alleged the municipality failed to assist her together with her minor children to claim from the Provident Fund. The matter is defended by the municipality. The matter is now in pleading stage. 1,200,000

Intervention in execution of Duties:

During 2010 J&G Enterprise issued summons for financial damages it being alleged that the municipality stopped them from performing in terms of their contract. The matter being defended by the municipality. The matter is in pleading stage. 1,541,600

Failure to pay for Services Rendered

In this matter summons was sued against the municipality for payment of the sum of R115 000.00 for services rendered it being alleged that the Service Provider was appointed to render certain services. The matter is being defended. 115,000

Failure to pay for Services Rendered:

In 2010 summons were issued by David Sepeika Credit Consultants for services rendered (fog harvesting project). The matter is defended by the municipality. The matter is in pleading stage. 159,174

Failure to pay for Material Supplied:

Rob Pottow Irrigation issued summons against the municipality for failure to pay for materials supplied in terms of a verbal agreement. The municipality is defending the matter. The outcome is not certain at this stage. 24,522

Breach of Contract

Sinezipho Urban & Rural Development claims against the municipality for alleged termination of contract. The municipality is defending the matter. Pleadings have been filed and the outcome is not certain at this stage. 1,544,713

Failure to pay for Services Rendered:

Sometime in 2010 Sihlangene Financial Advisory Services CC and Umnotho issued summons against the municipality for services rendered. The municipality is defending the matter. 235,585

Breach of Contract of Employment:

In 2010 Zolani Gulwa issued summons against the municipality for breach of the contract of employment in that the municipality failed to pay him in terms of the contract. The municipality is defending the matter and it is pending in the high court. The matter is in pleading stage. 566,189

7,766,569

6,964,795

Contingent assets

Court Proceedings

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
29. (continued)		
Claim for Advance Payment		
The municipality has instituted a claim against T A Rautenbach based on acknowledgement of debt of advance payment granted for the construction of the one Centres. The outcome of the matter is still pending	1,748,053	
Failure to deliver Services		
The municipality has instituted a claim against MP Civils for alleged failure to deliver a crawler sprinkler purchased in terms of a verbal contract. Settlement proposals are in the pipeline and the outcome of the case is still not certain	30,700	
Collision Damages - Various Cases:		
The municipality has issued summons against various individuals for collision damages caused to municipal property. The outcome of the matters is still uncertain.	7,986	
	1,786,739	1,786,739

30. Related parties

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

No declarations were made by councillors and/or management of the municipality of any relationships with businesses.

The municipality did not render any services during the year to anyone that can be considered as a related party.

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 5 to the Annual Financial Statements.

Compensation of Key Management Personnel and Councillors is set out in Notes 21, of the Annual Financial Statements

Compensation to members and other key management

Short-term employee benefits

Post-employment benefits - Pension - Defined contribution plan

5,468,105	3,980,030
25,202,789	19,512,843
30,670,894	23,492,873

31. Prior period errors

The correction of the error(s) results in adjustments as follows:

Accumulated Surplus	
Opening Balance	
Payables incorrectly accounted for in the prior period	- 1,629,532,129
Accruals omitted in the prior period	- (195,353)
Correction of Leave Accrual	- 1,156,964
Correction of Inventory double counted	- 689,917
Assets omitted in the prior period	- (151,426)
Additions overstated in the prior period	- 348,795,302
Assets amounts condoned by council	- (390,600)
Correction of amounts incorrectly recorded in VAT Receivable	- (116,992,258)
Write off of Payables condoned by council	- (3,277,582)
Expenditure recorded in the wrong period	- (15,822,912)
Correction of Grants income	- (2,570,577)
Correction of Long Service Awards incorrectly calculated	- (492,126)
Adjustment of Debtors account to billing report	- 1,281,192
Provision for Doubtful debts omitted	- (2,042,112)
Restatement of accruals	- 22,428,037
Write off of Trade debtors condoned by council	- 3,643,817
Other expenses misclassified	- 6,387,021
	- (279,178,000)
	- 1,592,801,433
	2013
	2012

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
31. Prior period errors (continued)		
Statement of financial position		
Property, plant and equipment		
Receivables from Exchange Transactions	1,519,490,942	1,517,062,623
Receivables from Non-Exchange Transactions	9,988,731	32,717,261
VAT Receivable	1,113,649	7,374,184
Cash and Cash equivalents	22,932,381	18,408,489
Payables	162,863,060	165,144,250
Unspent Conditional Grants	84,975,347	84,840,330
	20,305,123	18,027,488
Statement of Financial Performance		
Government Grants and Subsidies Received	1,115,496,953	1,115,489,186
Interest Earned - External Investments	11,474,768	11,356,512
Employee Related Costs	91,164,361	92,233,206
Depreciation and Amortisation	31,132,891	31,130,494
Impairment Losses	22,092,662	13,698
Repairs and Maintenance	14,714,835	18,824,099
Bulk Purchases	2,742,760	2,268,002
Contracted Services	40,950,302	38,879,725
Grants and Subsidies Paid	283,271,269	395,837,149
General Expenses	63,335,835	64,309,945

32. Risk management

Financial risk management

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IASs mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Treasury monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

2013 2012

32. Risk management (continued)

Credit risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities. Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and sanitation services rendered to them. Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

Trade receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a rates clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid meters.
- The requirement of a deposit for new service connections, serving as guarantee
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follow

Financial Instrument	2013	2012
Fixed Deposits Investments	20,425,834	18,477,753
Long term Receivables	768,906	768,906
Consumer Debtors	58,589,740	48,940,728
Other Debtors	79,832,891	1,113,649
Cash and Cash equivalents	186,858,265	152,863,060

Market risk

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

2013 2012

32. Risk management (continued)

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cashflows associated with a financial instrument will fluctuate in amount as a result of market interest changes

Financial Assets and Liabilities that are sensitive to interest rate risk are cash and cash equivalents, investments, and loan payables. The municipality is not exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rates.

Potential concentrations of interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting percentage exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed periodically by the Chief Financial Officer and authorised by the Council.

Consumer Debtors comprise of a large number of rate payers, dispersed across different industries and geographical areas. Periodic credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable

Foreign exchange risk

The Municipality does not hedge foreign exchange fluctuations.

33. Unauthorised expenditure

Opening Balance
Unauthorised Expenditure current year

24,026,980	13,141,422
-	10,885,558
24,026,980	24,026,980

34. Fruitless and wasteful expenditure

Opening balance
Fruitless and Wasteful Expenditure current year

264,059	142,178
240,325	121,881
504,384	264,059

Incident

Interest on late payments
Penalty charged by SARS for late payment of PAYE

53,257	109,131
187,067	-
240,324	109,131

The expenditure above has all been condoned by council

35. Irregular expenditure

Opening balance
Add: Irregular Expenditure - current year
Less: Amounts condoned

194,973,911	2,197,829
11,707,153	192,776,082
(206,681,064)	-
-	194,973,911

Alfred Nzo District Municipality
Financial Statements for the year ended 30 June 2013

Notes to the Financial Statements

	2013	2012
35. Irregular expenditure (continued)		
Details of irregular expenditure – current year		
Irregular expenditure relates to expenditure incurred contrary to Supply Chain Management due to the urgency of the matter	Disciplinary steps taken/criminal proceedings Condoned by Council	1,076,458
Irregular expenditure relates to expenditure incurred contrary to Supply Chain Management. This was because it was impractical to get three quotations before appointing a service provider	Condoned by Council	4,138,528
Irregular expenditure relates to expenditure incurred contrary to Supply Chain Management.	Condoned by Council	6,492,167
		11,707,153
Details of irregular expenditure condoned		
Wild Coast Sun accommodation	Condoned by Council	594,500
Repairs at Disaster Office, Mount Frere	Condoned by Council	394,440
Irregular expenditure relates to expenditure incurred contrary to Supply Chain Management	Condoned by Council	205,692,124
		206,681,064

APPENDIX A
ALFRED NZO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2012	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2013
ANNUITY LOANS	R				R	R	R	R
DBSA	12,026,793	11.47%	100971/1	31/03/2025	10,464,575	-	379,192	10,085,383
DBSA	25,000,000	5.00%	102129/1	31/03/2026	20,909,445	-	1,062,483	19,846,962
Total Annuity Loans	37,026,793				31,374,020	-	1,441,675	29,932,345
TOTAL EXTERNAL LOANS	37,026,793				31,374,020	-	1,441,675	29,932,345

APPENDIX B

Total PPE

APPENDIX B

ALFRED NZO DISTRICT MUNICIPALITY

ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2013

Description	Cost / Revaluation				Accumulated Depreciation / Impairment				Carrying Value	Budget Additions 2013
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions		
Intangible Assets	R	R	R	R	R	R	R	R	R	R
Computer Software	1 322,555	481,983	-	-	-	1,304,543	574,250	295,833	870,133	730,000
Total Intangible Assets	1,322,555	481,983	-	-	-	1,804,543	574,250	295,833	870,133	700,000

ALFRED NZO DISTRICT MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2013

ALFRED NZO DISTRICT MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS

ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2013

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APPENDIX C

APPENDIX C
ALFRED NZO DISTRICT MUNICIPALITY
ANALYSIS OF CEMENT

APPENDIX C

ALFRED NZO DISTRICT MUNICIPALITY

SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2013

Description	Cost / Revaluation				Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Additions	Transfers	Disposals		Closing Balance
Executive and Council	1,848,394	751,183	-	-	-	2,409,577	-	-	-	547,974	1,861,603
Finance and Administration	25,846,032	2,696,291	-	4,711,464	(9,283,364)	23,960,723	-	-	(3,434,247)	4,513,627	19,467,066
Planning and Development	18,931,315	-	-	-	-	18,931,315	-	-	-	8,313,441	10,577,874
Health	-	-	-	-	-	-	-	-	-	-	-
Community and Social Services	21,151,946	-	-	-	-	21,151,946	-	-	-	3,314,414	17,837,532
Housing	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	4,063,433	-	-	-	4,063,433	-	-	-	-	4,063,433
Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-
Roads and Transport	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-
Electricity	1,570,733,240	232,126,435	-	-	(3,907,494)	1,798,955,181	-	(6,646,118)	-	147,548,057	1,651,407,124
Other	-	-	-	-	-	-	-	-	-	-	-
Total	1,638,323,927	239,647,342	-	4,711,464	(13,190,597)	1,869,492,176	125,457,014	48,880,865	(6,646,118)	184,237,513	1,705,214,652

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

2012 Actual Income	2012 Actual Expenditure	2012 Surplus/ (Deficit)	Description	2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)
R	R	R		R	R	R
1 147 658 459	29 891 603	(29 891 603)	Executive and Council	-	46 315 743	(46 315 743)
-	126 946 228	1 020 712 231	Finance and Administration	844 558 161	120 006 586	724 551 575
-	9 353 138	(9 353 138)	Planning and Development	-	5 103 460	(5 103 460)
-	393 959 312	(393 959 312)	Community and Social Services & Infrastructure Dev. Ser	-	453 172 269	(453 172 269)
1 147 658 459	560 150 281	587 508 178	Total	844 558 161	624 598 057	219 960 104

APPENDIX E(1)
ALFRED NZO DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2013

Description	2012/13 Actual R	2012/13 Budget R	2012/13 Variance R	2012/13 Variance %	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Service Charges	13 720 324	28 750 000	(15 029 676)	(52.28)	Budget for 2012/13 was not based on realistically anticipated revenues to be billed from consumers.
Rental of Facilities and Equipment	330 331	347 000	(16 669)	(4.80)	
Interest Earned - External investments	11 879 055	10 300 000	1 579 055	15.33	This is due to effective implementation of cash and investment policy where funds that are not readily going to be required are invested in call accounts.
Income for Agency Services	52 639	-	52 639	100.00	This is commission received in lieu of agency services (payroll deductions for third parties).
Government Grants and Subsidies	817 233 700	831 293 259	(14 059 559)	(1.69)	
Other Revenue	1 029 310	36 321 484	(35 292 174)	(97.17)	Included in the budgeted amount was R25million from reserves of which no actual transfer of revenue to the general ledger is effected during normal operations. Also a total of R7 million in lieu of the DBSA loan was budgeted for.
Public Contributions and Donations	200 000	-	200 000	100.00	Whilst no donations were budgeted for, these are requested annually by the Technical services department for their annual performance awards.
Gains on Disposal of Property, Plant and Equipment	112 802	-	112 802	100.00	This is in lieu of redundant municipal assets being auctioned.
Total Revenue	844 558 161	907 011 743	(62 453 582)	(6.89)	
EXPENDITURE					
Employee Related Costs	77 348 818	69 721 807	(7 627 011)	(7.92)	Less vacant posts were filled during the year under review.
Remuneration of Councillors	117 806 063	127 934 660	(10 128 597)	(21.05)	Included in the budget was the post of the deputy executive mayor and additional two councillors posts (Mayoral Committee members) that remained vacant during the year.
Depreciation	6 983 375	8 845 118	(1 861 743)	390.74	This is due to having under-budgeted for the depreciation expense.
Debt Impairment	49 074 294	10 000 000	(39 074 294)	(27.64)	A significant portion of debt impairment was already provided for in the prior year.
Repairs and Maintenance	3 998 790	5 526 003	(1 527 213)	(13.13)	This is due to slow spending on operations and maintenance.
Interest Paid	15 285 685	17 596 506	(2 310 821)	932.94	A significant portion of this is in lieu of the DBSA loan repayments.
Bulk Purchases	2 582 345	250 000	2 332 345	(69.60)	Less water purchased due to new dams released in the generation system
Contracted Services	1 519 815	5 000 000	(3 480 185)	100.00	The budget for these was initially included under general expenses.
Grants and Subsidies Paid	26 549 586	20 000 000	6 549 586	1 356.13	Community Projects budgeted for under Capital
General Expenses	291 226 648	191 693 239	(99 533 409)	(42.84)	The budget for these was initially included under general expenses.
Loss on disposal of Property, Plant and Equipment	109 571 456	70 000	(39 571 456)	(100.00)	No loss was realised in the disposal of current year assets.
Total Expenditure	624 598 057	386 915 526	237 682 531	61.43	
NET SURPLUS / (DEFICIT) FOR THE YEAR	219 960 104	520 096 217	(300 136 113)	(57.71)	

APPENDIX E(1)
ALFRED NZO DISTRICT MUNICIPALITY

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

Description	2011/12 Actual R	2011/12 Budget R	2011/12 Variance R	2011/12 Variance %	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Service Charges	15 412 755	22 836 000	(7 423 245)	(32.51)	Facility budgeted for not completed on time
Rental of Facilities and Equipment	235 339	374 000	(138 661)	(37.08)	Obtained better interest rates than budgeted for
Interest Earned - External Investments	11 474 768	6 000 000	5 474 768	91.25	Negligible amount
Interest Earned - Outstanding debtors	97	-	97	100.00	Negligible amount
Income for Agency Services	26 182	-	26 182	100.00	Negligible amount
Government Grants and Subsidies	1 115 496 953	727 664 431	387 832 522	53.30	Over-budgeted for Other Revenue
Other Revenue	4 895 532	37 003 492	(32 107 960)	(86.77)	Not budgeted for as no donations were foreseen from Public
Public Contributions and Donations	116 833	-	116 833	100.00	Gains budgeted for did not realise
Gains on Disposal of Property, Plant and Equipment	-	-	-	0.00	
Total Revenue	1 147 658 458	793 877 922	353 780 536	44.56	
EXPENDITURE					
Employee Related Costs	90 910 343	119 421 748	(28 511 405)	(23.87)	Posts budgeted for not filled during the year
Remuneration of Councillors	6 258 389	7 001 460	(743 071)	(10.61)	Budgeted for Remuneration of Councillors under Employee Related Costs
Depreciation	31 132 891	5 000 000	26 132 891	522.66	Change in Accounting Policy due to the implementing of GRAP 17
Debt Impairment	22 092 662	13 256 000	8 836 662	66.66	Change in Accounting Policy due to the implementing of GRAP 17
Repairs and Maintenance	14 714 835	32 001 000	(17 286 165)	(54.02)	Improvement in the payment cycle of Creditors
Interest Paid	2 217 752	300 000	1 917 752	639.25	Expansion of water grid, with more reticulation schemes coming up
Bulk Purchases	2 742 760	3 500 000	(757 240)	(21.64)	The increase in water schemes necessitated increased security and other services
Contracted Services	40 950 302	4 471 624	36 478 678	815.78	Grants budgeted for not received caused decreased expenditure
Grants and Subsidies Paid	285 710 436	17 520 000	268 190 436	1 530.77	Expenditure linked to Project Expenditure
General Expenses	63 335 835	131 545 295	(68 209 460)	(51.85)	
Total Expenditure	560 150 281	334 217 127	225 933 154	67.60	
NET SURPLUS / (DEFICIT) FOR THE YEAR	587 508 177	459 660 795	127 847 382	27.81	

Grants and Subsidies Received

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

APPENDIX F

ALFRED NZO DISTRICT MUNICIPALITY

ALFRED NZO DISTRICT MUNICIPALITY																																					
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003																																					
Name of Grant		Name of Organ of State or Municipal Entity		Quarterly Receipts												Quarterly Expenditure												Grants and Subsidies: Delayed / Withheld				Reason for Delay / Withholding of Funds		Compliance to Revenue Act (*) See below		Reason for Non-compliance	
				June		Sept		Dec		March		June		Sept		Dec		March		June		June		Sept		Dec		March		June							
FAK3 Equitable Share Sports and Recreation ATTIC LED Capacity Various Provincial Various National (inc. MIG) EF/AF Integrated Transport Plan Treha	National Treasury	-	1,250,000	-	-	-	1,036,686	-	-	-	-	-	-	381,904	253,975	238,202	379,414	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
	National Treasury	-	123,890,000	97,165,000	74,400,000	-	54,346,425.20	86,051,395	58,532,978	96,833,202	-	-	-	-	493,407	42,575	553,816	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
	Dept Sport & Rec	-	-	-	-	-	-	-	-	-	-	-	-	-	493,407	42,575	553,816	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
	DEAT	1,001,286	-	-	-	-	-	-	-	-	-	-	-	-	412,725	395,055	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	N/A		
	DLGTA	-	377,245	-	-	-	-	-	-	-	-	-	-	-	174,478	194,296	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	N/A		
	COGTA: National	-	1,000,000	-	-	-	-	-	-	-	-	-	-	-	2,263,365	2,247,294	4,225,691	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Total Grants and Subsidies Received	EWAF	13,707,854	14,096,137	7,691,815	16,877,713	3,786,392	12,969,058	5,479,298	8,029,407	17,836,484	-	-	-	-	676,221	77,254,134	106,695,232	149,611,764	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
	Public Works	-	6,929,000	5,000,000	4,375,000	-	21,607,090	5,479,298	7,992,611	8,029,407	17,836,484	-	-	-	5,479,298	7,992,611	8,029,407	17,836,484	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A		
	Dept Transport	-	1,776,000	-	-	-	414,347	6,585,941	4,405,177	4,207,572	397,464	-	-	-	6,585,941	4,405,177	4,207,572	397,464	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A		
	Dept Labour	-	-	-	-	-	-	-	-	-	-	-	-	-	635,301	746,211	436,233	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	N/A		
Total Grants and Subsidies Received		20,489,140	118,620,387	279,719,815	149,493,670	3,786,392	132,585,818	81,574,907	182,211,572	130,820,456	274,177,752	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																																					

(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?